

Lidl Northern Ireland Modern Slavery Statement 2022/23

This statement is made by Lidl Northern Ireland Limited pursuant to section 54 of the Modern Slavery Act 2015 (the 'Act') and constitutes our slavery and human trafficking statement for the financial year ended 28 February 2023.

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Introduction

The UK 2015 Modern Slavery Act sets out a range of measures aimed to combat slavery, servitude and forced or compulsory labour and human trafficking. As part of this leading legislation, UK companies with a global annual turnover of over £36 million have a responsibility to report on the activities undertaken to identify, mitigate and remediate risks of modern slavery in their organisations and supply chains.

Forced labour is the most prevalent form of modern slavery in Europe and Central Asia according to the last Global Slavery Index Report, which estimates that 40.3 million men, women, and children worldwide are trapped in modern slavery. Of these, 24.9 million people were in forced labour. In the UK, the Gangmasters and Labour Abuse Authority (GLAA) reported that 2020-21 has seen an increased number of modern slavery referrals, cases and convictions. The UK's National Referral Mechanism (NRM), which is the referral mechanism for identifying and supporting victims and potential victims of modern slavery reported that 4,746 potential victims of modern slavery were referred into the NRM in the first quarter of 2023, representing a 7% increase compared to the preceding quarter (4,416), with 127 (3%) of the referrals sent to the Police Service of Northern Ireland.¹

At Lidl Northern Ireland we play an important role in helping tackle modern slavery. It is our responsibility to understand the risks within both our business and supply chains and to ensure that our management of these risks is effective. We must also ensure that any identified issues are effectively remediated with all necessary support provided to affected victims.

Over the past year we have further developed our understanding of modern slavery, working closely with our suppliers and expert partners on this complex and systemic issue. Our seventh modern slavery statement acts as a continuation of our previous statements and outlines the key steps we have taken to further develop our understanding and actions as part of our wider commitment to human rights due diligence. This statement covers Lidl's financial reporting period from 1st March 2022 to 28th February 2023.

Our key focus areas during this period have been:

- Monitor and publish our progress in our biennial sustainability report.
- Strengthen our commitments to address risks beyond the first tier of our supply chain.
- Continue to publish the names and addresses of our tier one textiles and hardware suppliers.
- Continue raising awareness of modern slavery internally with our buying and Central Services departments and strengthen our actions to address risks in our goods and services not for re-sale (GSNFR).
- Increase our internal capacity to monitor and manage the human rights risk in our nationally sourced products supply chain as well as continue our request of social audits to our direct suppliers through the Supplier Ethical Data Exchange (Sedex) platform.
- Collaborate with external partners to build our knowledge and expertise in the area of modern slavery. Roll out trainings on human rights and modern slavery with Business in the Community Ireland (BITCI) to national suppliers and buyers.
- Internally communicate our progress towards risk management and social compliance monitoring.

¹ Modern Slavery: *National Referral Mechanism and Duty to Notify statistics UK, Quarter 1 2023 – January to March*

Organisation structure and supply chains

As a business, we strive to work in a way that benefits people, producers, and the planet:

- **We're proud of the strong ties we have to our local communities.**
- **We take responsibility for the welfare of those we employ directly, and indirectly across our supply chains.**
- **Sustainability is embedded into everything we do.**

Our core promise is to offer the best quality products at the most affordable prices - and we'll never waver on this. As part of this commitment, it is important to us that our supplier relationships are built responsibly on long-lasting foundations.

International

Part of retail group Schwarz, Lidl is one of Europe's leading grocers. In 31 countries around the world, we have more than 360,000 employees. We operate approximately 12,000 stores and over 200 warehouses and distribution centres.

Northern Ireland

Since establishing ourselves in Northern Ireland in 1999, we grown to have 41 stores, 1 regional distribution centre and over 1,359 employees, all ultimately serving millions of customers. For the financial year 2022 (52w/e 19 March 2023) Lidl Northern Ireland was the fastest-growing supermarket in Northern Ireland with Kantar figures confirming +19.4% year-on-year sales growth and an 8.9 % market share.²

Our products and supply chains

Thousands of local and international suppliers and partners produce our ingredients, raw materials, and finished products. These instrumental relationships help us to fulfil our mission of providing for our growing and loyal customer base.

Our products are negotiated by Buying teams based in our Lidl head office, at our international office in Germany and throughout our network of Lidl markets in Europe. As a business, we understand our responsibility to improve living and working conditions wherever our products are produced or manufactured and take proactive steps to reduce the risk of modern day slavery.

Own-brand articles make up the majority of the products we offer our customers, so they are the primary focus for our modern slavery strategy and overarching human rights due diligence.

Food

To offer the diverse array of food and fresh produce that our customers expect and enjoy, we source directly from numerous countries and suppliers. However, as a local business committed to continued investment in the local economy, we always strive to source our assortment from local suppliers. Over 40% of our permanently listed items are from national suppliers, including fresh meat, fish, poultry and a variety of locally produced fruit and vegetables.

² Kantar Northern Ireland Worldpanel Online | 650 Households | 52 weeks ending 19th March 2023

Food promotions

During themed weeks in our stores throughout the year, we sell limited offer food and drink products from a variety of countries. While these are not permanently listed in our stores, these items are expected to meet our responsible sourcing requirements.

Non-food

As a group, we buy and retail non-food products – found in the ‘Lidl Middle Aisle’ - including clothing, accessories, home textiles and hard goods. Within this category we source from 1,855 suppliers, across 15 countries. Our tier one supplier names and addresses for our own-brand textiles and hardware suppliers have been published on our [website](#) in 2022.

Most of our non-food products are bought through our international business which manages Lidl Group’s global non-food ethical trading programme.

The Lidl Group regularly tracks and monitors supplier’s compliance against Amfori – Business Social Compliance Initiative (BSCI), SA8000, Accord and ILO BW standards, all of which are supported with corresponding management systems.

Goods and services not for re-sale (GSNFR)

In addition to the goods we sell in our stores, we also procure a range of goods and services for use in the everyday running of our business. These supply chains are varied and include products such as the refrigeration units and fittings used in our stores, to the security and waste disposal services used throughout the wider business.

In FY22, across GSNFR categories we worked with over 400 suppliers, with 80% of our spend directed through our top 30 suppliers.

In the area of property and construction, last year (FY22) we worked with approximately 30 construction contractors, consultants and over 70 suppliers.

Human rights and ethical trade

We have intentionally embedded sustainability specialists in relevant departments across our business, including Buying and Procurement, to ensure that we comply with environmental and ethical guidelines.

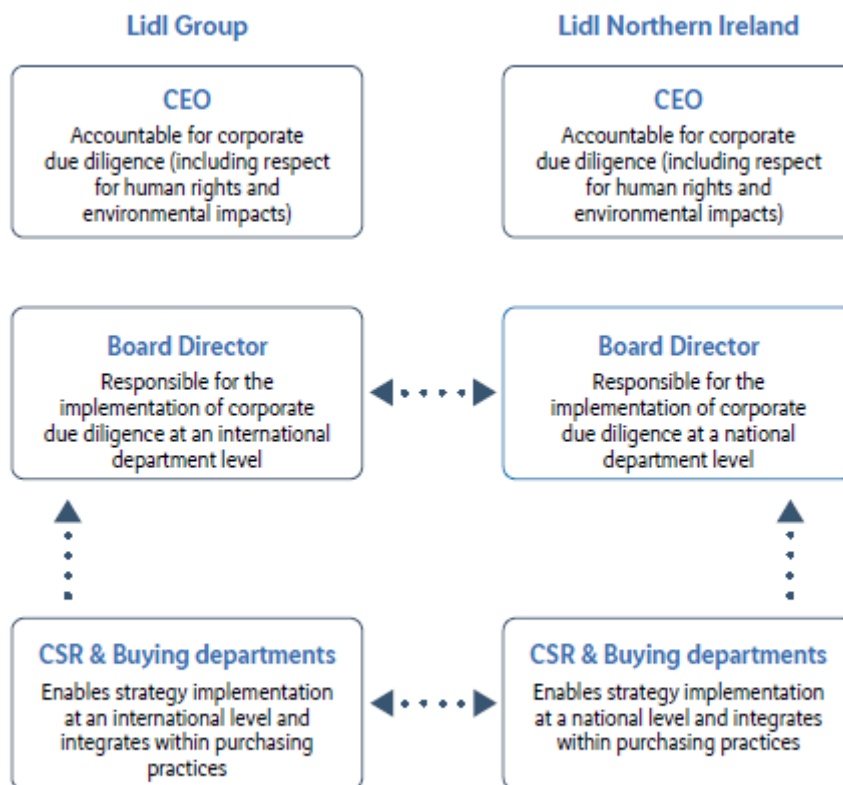
Our internal Responsible Sourcing team works from within our Buying department and supports the delivery of the priority topics linked to our supply chains, including plastics and packaging, sustainable agriculture, sustainable raw materials, and human rights.

The Lidl Group have an overarching human rights strategy outlining clear human rights objectives, which we have adopted to reflect the human rights priorities of Lidl Northern Ireland. This strategy was developed through comprehensive risk assessments and close engagement with specialist stakeholders, which identified the main risks facing workers across our business operations and global supply chains.

For further information please review our [Schwarz Group Human Rights Policy Statement](#).

Governance

At Lidl Northern Ireland, the responsibility for the development and oversight of ethical and sustainability policies, including modern slavery, sits with the Chief Executive Officer. Our full governance structure is published in our [Human Rights and Environmental Due Diligence Policy](#) and in our [Human Right in the Supply Chain Purchasing Policy](#). A dedicated team of responsible sourcing and Corporate Social Responsibility (CSR) experts are responsible for facilitating the delivery of the strategy and ensuring it is embedded across a range of internal functions including buying, logistics, human resources, and procurement.



Partnerships

Lidl Northern Ireland is a member in various associations, organisations, and initiatives:

- BITC Northern Ireland
- Ellen MacArthur Foundation
- UN Global Compact

Lidl Northern Ireland also works with the following international associations, organisations, and initiatives:

- ACT – Action, Collaboration, Transformation
- Alliance for Water Stewardship
- amfori Business Social Compliance Initiative (BSCI)
- Partnership for Sustainable Textiles
- Danube soya
- Econsense
- Ethical Tea Partnership
- Ethical Trade Initiative
- EUROOPEN
- Food for Biodiversity
- Forest Stewardship Council (FSC)
- German initiative on sustainable cocoa
- GlobalG.A.P., GlobalG.A.P. GRASP Technical Committee
- ILO Better Work
- Initiative for Sustainable Agricultural Supply Chains (INA)
- International ACCORD
- International Network of Leading Executives Advancing Diversity (LEAD)
- Round Table on Responsible Soy (RTRS)
- Roundtable on Sustainable Palm Oil (RSPO)
- RMG Sustainability Council (RSC) Bangladesh
- Sustainable Nut Initiative
- Sustainable Rice Platform (SRP)World Banana Forum
- Aquaculture Stewardship Council
- Compassion in World Farming
- Cotton made in Africa (CmiA)
- Downpass
- Rainforest Alliance
- Marine Stewardship Council
- Oxfam
- Save the Children
- The Center for Child Rights and Businesswomen Empowerment Principles

Policies

We are committed to developing and embedding policies which uphold human rights and protect workers throughout the Lidl Group and global supply chains.

For our business

We implement a range of policies to protect the colleagues we employ, both directly and indirectly through recruitment agencies, from the risk of modern slavery. Lidl Northern Ireland ensures that appropriate recruitment processes and procedures are in place and adhered to in order to safeguard against slavery and human trafficking. These policies include our Working Hours Policy, Break and Rest Periods Entitlements Policy, Equal Opportunity Policy, Dignity at Work Policy, and Grievance Procedure, all outlined in our new HR Hub. The Dignity at Work Policy helps to safeguard colleagues from any incidents of bullying, harassment, victimisation, or discrimination.

All employees are given terms and conditions of employment that are monitored and updated on an ongoing basis to reflect best practice and changes to employment law.

In 2022 we continued to develop our established health and wellbeing programme, Work Safe. Live Well. This programme incorporates our colleague's physical safety at work, their health and wellbeing, and their financial wellness; focusing on creating an environment where our employee's safety and wellness is prioritised from their personal safety at work right through to their overall sense of wellbeing. Initiatives to date include, dedicated mental health campaigns, access to free health report and screening, dedicated safety forums and access to free seminars and programmes.

Our Employee Assistance Programme offers our people and their immediate families daily 24-seven counselling, legal, financial and consumer information, career guidance, life coaching, mediation, and health information. Through this Employee Assistance Programme, we also offer a range of free and confidential services, which include counselling, cognitive behavioural therapy, and a confidential helpline for employees. The programme is a tool that line managers can utilise to get advice on how to support their employees through various workplace and personal scenarios, creating an environment where potential indicators of modern slavery can be more effectively identified.

In early 2022 we published our Diversity and Inclusion Policy to bring together all activity already being done and ensure that there was a resource for employees to use as a reference point going forward. It sets out our commitment to an inclusive workplace as well as a workforce reflective of the diversity with our communities.

For our supply chains

At a group level, Lidl is committed to upholding human rights and protecting workers throughout our business and global supply chains. Due diligence at Lidl Group is founded upon our commitment to upholding all internationally recognised frameworks, as well as signing up to the specific principles, therefore the new CoC Schwarz Group will include the following::

- [International Bill of Human Rights](#)
- [UN Guiding Principles on Business and Human Rights](#)
- [UN Convention of the Rights of the Child](#)
- [UN Convention of the Elimination of All Forms of Discrimination against Women](#)
- [OECD Guidelines for Multinational Enterprises](#)
- [International Labour Organization Declaration on Fundamental Principles and Rights at Work](#)
- [Paris Climate Agreement](#)
- [Minamata Convention](#)
- [Stockholm Convention](#)
- [Basel Convention](#)
- [The ten principles of the UN Global Compact \(UNGC\)](#)

The [Schwarz Group Business Partners Code of Conduct](#) (CoC) is the foundation of our business relationships and we require our suppliers to uphold its clauses. The CoC outlines the minimum standards expected for our supply chain partners and is included within all commercial agreements. The CoC outlines Lidl's zero tolerance approach to forced labour, involuntary prison labour and child labour and sets our commitment to end business relationships only when a supplier is not cooperating in improving the situation.

This year, we have developed an additional contractual document - the Sustainable Purchasing Policy (SPP) – which is based on the CoC and delves into further detail on a variety of human rights topics. This includes responsible recruitment, protecting the rights of children and young people, and grievance mechanisms and redress.

In the last year the Lidl Group has published two new buying policies:

- [Purchasing Policy, Raw materials](#)

'The sourcing of raw materials directly impacts 400 million people who work within raw material supply chains. More than 10% of the world's population still live in extreme poverty, and two-thirds of these people work within the agriculture sector, harvesting raw materials. Cocoa farming alone is the main source of income for over 5.5 million people and secures the livelihoods of more than 14 million people. Raw material cultivation is often associated with poor working conditions and human rights violations.'

- [Purchasing Policy, Cocoa](#)

'Due to cocoa being a globally exported commodity, farmers are exposed to the highly volatile global market prices and as a consequence, farmers are exposed to unstable and inadequate remuneration for their crop. In most cases, a cocoa farmer's income is below the internationally defined poverty line. This and other systemic issues such as lack of access to education, are some of the reasons why child labour is particularly widespread within cocoa farming, according to research by the Forum Nachhaltiger Kakao. In Ghana and the Ivory Coast alone, it is estimated that 2 million children and young people are currently working in the cocoa supply chain.'

Women's Empowerment Principles

Across the world, women and girls are disproportionately affected by modern slavery including forced labour and child labour. They are also more likely to experience workplace discrimination or harassment, be in lower status, casual or non-standard roles, and receive lower pay for equal work. As a result, gender equality is a crucial pillar of our human rights strategy - we are committed to preventing and remediating risks that arise.

In 2019 Lidl Group signed up to the Women's Empowerment Principles, which is the first global initiative aimed to promote women's empowerment and gender equality within businesses and their supply chains. It is the first global initiative which aims to promote women's empowerment and gender equality within businesses and their supply chains. By signing up to the following seven principles businesses commit to using these principles as guideposts to integrate broader commitments on the topic of women's empowerment into their own company policies.

1. [Establish high-level corporate leadership for gender equality](#)
2. [Treat all women and men fairly at work – respect and support human rights and non-discrimination](#)
3. [Ensure the health, safety and well-being of all women and men workers](#)
4. [Promote education, training, and professional development for women](#)

5. Implement enterprise development, supply chain and marketing practices that empower women

6. Promote equality through community initiatives and advocacy

7. Measure and publicly report on progress to achieve gender equality

In 2022 we published our Gender pay gap report. Since we pay men and women the same rates there should be no gap in theory, however the gender pay gap is a calculation of the sum of pay for all employees (men and women) and a gap can emerge if there are more men in high paid senior positions in the company. In Lidl Ireland & Northern Ireland, men make up about 55% and women make up 45% of our team, thus creating a small gap of 6.2% for 2021. This declined from 8.8% in 2020 and is significantly lower than the Irish average of 11.3% and the European average of 14.1%.

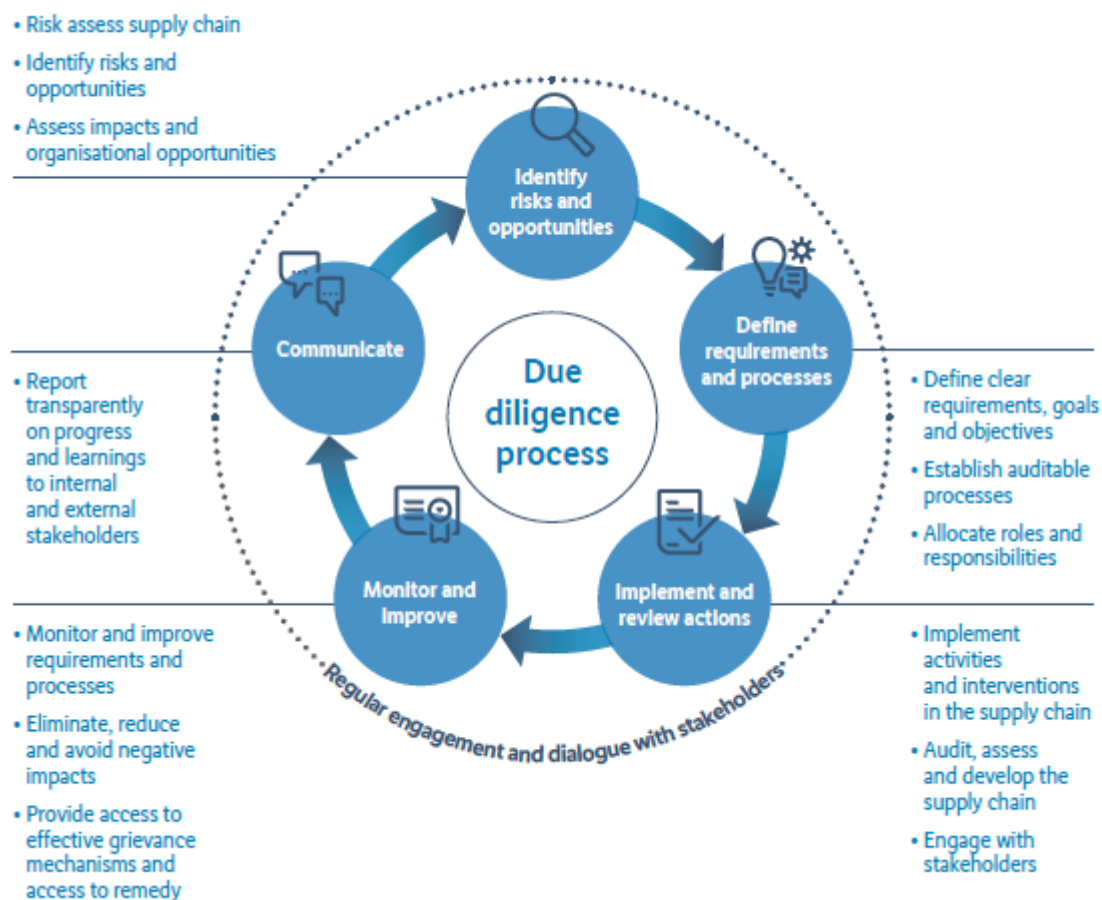
We remain committed to working to reduce this figure further over the coming year. The positive change we have seen to date is a result of many workstreams coming together through various programmes and initiatives such as the Leadership Academy, Lupilu Family Leave Programme, menopause supports, compassionate leave policy update and hiring practices to name a few.

In addition, we are currently working on a Women in Leadership Mentoring Programme that is set to launch later this year and have appointed a high-level corporate leader for gender equality.

Due diligence

We structure our modern slavery strategy using a risk-based approach. This means systematically identifying and addressing the most adverse, actual, and potential risks within our business and supply chains as a matter of priority.

As part of our due diligence process, we structure our human rights and modern slavery work on a risk-based approach, ensuring we systematically address the most adverse, actual and potential risks within our business and supply chains as a priority. This is done through the development of tangible actions, which are implemented within our business practices, buying policies and external program partnerships, as outlined below.



By applying these steps, we take accountability for the adverse impacts of our business and continually review further opportunities. This systematic process is guided by the UN Guiding Principles on Business and Human Rights.

Please refer to our [Human Rights Due Diligence policy](#) for further information.

Modern slavery strategy

In the update of our Modern Slavery Strategy, we identified five focus areas to develop our activity in addressing modern slavery in our business and supply chains. These include:

- **Training and capacity building**

The continuation of training and capacity building to ensure priority departments and suppliers are aware of the modern slavery risks specific to their sectors and begin to embed due diligence processes to prevent and mitigate potential instances of labour exploitation.

- **Collaboration**

Partnering with expert organisations and working collaboratively across the sector to implement due diligence remains critical to addressing systemic modern slavery risks in food retail supply chains.

- **Supply chain programmes**

Introducing programmes with selected partners to identify and address modern slavery risks in prioritised supply chains.

- **Effective grievance mechanisms**

Enabling access to effective grievance mechanisms and access to remedy (as defined by the UN GP's) in high-risk supply chains.

- **Support remediation**

Ensuring appropriate remedy for issues raised through grievance mechanisms and exploring opportunities to partner with organisations that support the remediation of modern slavery victims.

Supply chain transparency

Supply chain transparency remains an important feature of our human rights strategy. By continuing to disclose the complex nature of our global sourcing, we are holding ourselves accountable for the impact we have within our food and non-food supply chains.

Third-party certification schemes

Third-party certification schemes are a vital initial step in our human rights due diligence journey. They help to ensure that the sites we source from undergo regular monitoring and operate in line with approved standards across environmental and social criteria.

We have committed to sourcing critical raw materials more sustainably by the end of 2025. For a full list of our identified critical raw materials, as well as the corresponding targets we have set, please see our [Raw Materials Policy](#).

Fairtrade

Since 2006, we have partnered with leading certification programme Fairtrade to address challenges in global raw material supply chains including living wages and freedom of association.

In particular, we are proud to have grown our selection of Fairtrade certified products. This creates greater security for farmers, from long-term contracts to higher social standards. It also means more reliable income, independent of fluctuating global market prices, for producers. This is especially important given the economic turbulence seen in the last few years.

We currently have over 55 own brand Fairtrade products in our everyday range in Northern Ireland. We also partnered with Fairtrade to develop a pioneering chocolate bar called Way to Go!, which is made from 100% traceable cocoa beans grown by farmers from the Kuapa Kokoo co-operative in Ghana. Way to Go! guarantees cocoa farmers in Ghana the Fairtrade Minimum price for cocoa, the Fairtrade Premium and an extra Lidl

premium (which is paid on every tonne of cocoa we buy for the Way to Go! range), to train and help farmers to close the gap towards a living income. Since 2021, the Way To Go! bar has benefited approximately 1,180 smallholder farmers, 40% of whom are women. Thanks to agricultural training and easier access to finance, 215 farmers have been able to develop additional sources of income through the production of rice, honey, yams, and soap. More than 574 smallholders also gained access to more favourable financing options.

Social compliance programme

In Northern Ireland our social compliance programme enables regular review and insight into the many suppliers we work with which grow, manufacture, and package all of our food products. We require all nationally negotiated food suppliers to:

- Connect on Sedex and provide full visibility
- Complete the Sedex self-assessment questionnaire (SAQ)
- Complete an annual audit (if identified as high-risk) and disclose 100% of non-compliances

At the close of the 2022/23 financial year, for both Northern Ireland and Ireland 236 of our direct food suppliers were compliant to Sedex having fully completed their SAQ's, 21 direct food suppliers were partially compliant having not fully completed their SAQ's and 73 sites did not act or complete their SAQ's, we are currently working to improve this statistic.

Non-food

Within our non-food supply chains, Lidl Group have an ongoing social compliance programme to monitor the standards of all own-brand suppliers outside of Europe. Since 2007, we have been carrying out annual social audits at all factories that manufacture textiles and hardware in countries categorised as high-risk in the BSCI Country Risk Index. The social compliance programme includes a requirement to conduct annual Amfori - Business Social Compliance Initiative (BSCI) social audit, the results of which form part of our buying decisions. We also outline clear expectations with regards to policies on preventing child labour, forced labour and responsible recruitment. Progress against action plans is monitored by ethical trading managers within the business and any remediation required is closely observed.

Goods and services not for resale

We have our Modern Slavery Requirements, which set out our expectations for the contractors and providers of GSNFR we use specifically relating to slavery and human trafficking. We require our contractors and service providers to adhere to these standards and ultimately reserve the right to terminate our relationship with them if they breach our modern slavery requirements.

Human Rights Impact Assessments (HRIAs)

HRIAs are a form of human rights due diligence. Their fundamental purpose is to build a picture of where and how specific business and supply chain activities have the potential to impact internationally recognised human rights.

The Lidl Group has a target to complete three HRIAs a year until 2025. These assessments enable us to develop Lidl-specific action plans to address identified risks which are not typically identified through other forms of due diligence (e.g. social audits).

All of our HRIA reports are available [online](#). The three HRIAs conducted in 2022 are as follows:

[Tinned Tomatoes, Italy](#)

Italy is EU's largest tomato producer. Harvesting of tomatoes takes place at short notice, meaning that if the tomatoes are nearly ripe, they must be harvested within a few days. Around 370,000 migrants from 155 countries are employed in agriculture accounting for roughly 27% of the legal agricultural workforce. Seasonal and migrant workers are at the highest risk of exploitation.

The most salient risks identified from this HRIA included:

- Human trafficking and exploitation: Migrants can be misled into exploitative labour agreements offered by criminal organisations posing as legitimate employers, who promise contracts and seasonal permits (and therefore, legal status).
- Working and living conditions: Unskilled labour conditions have been deteriorating over the years due to a variety of factors including downward pressure on sales prices and poor implementation of labour laws and standards.

Following this HRIA, we have now published an action plan which outlines the steps that we are taking to help mitigate these findings. These actions include achieving 100% transparency and third-party certification by GLOBAL.G.A.P. GRASP across all of our growers in the canned tomato supply chain by the end of Q2 2024.

[Farmed Shrimp, India](#)

Fish and seafood are classified as high risk critical raw material for labour rights and modern slavery indicators. While we have long-term commitments to third-party certification schemes including MSC and ASC, we understand the importance working directly with actors in our supply chain to tackle systemic issues in the countries we source from.

We also recognise that partnership with other organisations on HRIAs can generate the leverage needed to create lasting positive change in a supply chain. For this reason, after carrying out a seafood risk assessment, we conducted a HRIA in the Indian farmed shrimp supply chain in collaboration with two US retailers also interested pursuing due diligence this sector.

During the assessment, different tools were used across 11 site visits to capture as many findings as possible which were used to validate the desktop research and stakeholder engagement. In total, over 200 workers in the sector were interviewed.

The most salient findings from this HRIA included:

- Restricted rights to freedom of movement: This mainly impacted migrant workers who lived in on-site accommodation with regular security guard presence, who were unable to leave freely.
- Overtime was a common occurrence: Workers can work up to 80 hours a week, well above the legal limit. In some cases, there was evidence of forced overtime without compensation.
- The payment of recruitment fees was identified: Some workers reported borrowing money from their employer or labour agent to pay these fees, presenting a risk of debt bondage.

In order to address these findings an action plan has been developed and will be implemented.

[Wine, South Africa](#)

We are a major buyer of South African wine and have long-term supplier relationships in this supply chain.

Our field visit for the South African wine HRIA included visits to two suppliers, four wine cellars and nine farms. A local consultant interviewed over 150 farm workers in total.

In this HRIA, impacts were reviewed across three stages of the supply chain - crop maintenance, harvesting and final processing. Findings from this HRIA included:

- Employment discrimination: Evidence of different contract arrangements between men and women, and additional differences for migrant workers. Women and migrants are more likely to be given temporary contracts, which impacts wage levels, division of labour and limits development opportunities.
- Gender based violence and harassment (GBVH): Research suggests that GBVH is a risk issue in the wine and agricultural sector, with reports of labour brokers forcing women to perform sexual acts to secure jobs.
- Right to an effective remedy: The sector relies on temporary harvest workers who lack access to grievance mechanisms and routes to remedy.

In order to address these findings an action plan has been developed and will be implemented.

Risk assessment and management

Our obligation to people, producers and the planet grows as we do. That is why we regularly conduct human rights risk assessments of our operations, as well as seek to identify potential instances of labour exploitation within our supply chains.

To help us to systematically understand the actual and potential modern slavery risk in our supply chains we regularly monitor measurable human rights and economic indicators and use these insights as a foundation for developing appropriate measures.

Tools such as the Sedex Risk Assessment Tool which are used to assess our food supply chain by our team based in Ireland and Northern Ireland, and the Amfori BSCI Country Risk Classification, used for our non-food supply chain, allow us to take a more targeted approach to risks in first tier supply chains and beyond. In addition to using third party risk assessment tools, we also understand, and review risks based on information gathered through our supplier relationships, NGO partners and internal expertise. As part of the Due Diligence policy, we are committed to regularly reviewing and refining this risk assessment process.

At Lidl Northern Ireland, our regular engagement with stakeholders is imperative to maintain our knowledge and understanding of the opportunities and challenges within the industry and use their insights and expertise to guide our approach and therefore priorities. Together, with these stakeholders, our aim is to better understand and take measures to overcome barriers facing workers within our business and entire value chain of our supply chain.

Responsible recruitment

Pay and contracts

We tackle modern slavery within our business through a range of responsible recruitment measures. We have identified three key areas of risk within our business operations: employment stability, decent pay and indirect employment.

We recognise that workers may be more vulnerable to exploitation if they lack employment stability and decent pay, making them more likely to seek precarious employment to fill gaps where work is not available in order to improve our employees' working conditions, at the end of FY18 we announced that all our store and warehouse employees will be offered contracts with a minimum of 30 hours. We therefore ensure that the majority of people employed by Lidl Northern Ireland are recruited on longer hour contracts. We also ensure that temporary workers are only used for periods of high demand, or as a temporary measure until permanent workers can be recruited.

Lidl Northern Ireland recognise that our workforce is the backbone of the business and that by investing directly in our colleagues through living wages we are also able to offer greater job security and improved livelihoods for our employees, which is why we are committed to paying our employee's industry leading wage rates. In 2016 we were proud to become the first major retailer in Ireland and Northern Ireland to commit to paying the real living wage to each of our team members.

Since then, the pay scales continue to be reviewed annually and updated according to the living wage rate as recommended by UK Living Wage Foundation for Northern Ireland with the last increase in the salaries in March 2023. This competitive salary, alongside our extensive benefit package reduces the need for employees to seek out extra, often more precarious, work.

Another of the major areas of risk within our business is where workers are not directly employed by Lidl Northern Ireland, for example, where we contract our haulage and waste disposal services to third parties. As

stated earlier, in order to reduce risks in these areas, we also include our haulage and waste and recycling partners into the scope of our regular risk assessment.

Although indirect employment risks are managed through our commitment to employing our colleagues directly where possible, there are instances where we need to use labour agencies to manage wider business needs such as peaks in labour demand. An example of this includes the warehouse operative agency workers in our distribution centre. In order to reduce the risk of modern slavery occurring we have reduced the number of third-party agencies we work with and strengthened our contractual terms.

Supply chain audits

We use Sedex - a data platform for supply chain assessment - to understand key information about our supply base including the number, gender, and nationality of suppliers' employees, use of temporary/agency workers, the labour providers they use and what systems suppliers use to monitor labour providers. Sedex risk assesses suppliers (ranking them low, medium, or high) based on several factors. This includes inherent risk based on country and sector, and information taken from their SAQ.

We also use Radar, part of the Sedex platform, to review inherent country and sector risks within our supply chain.

We require suppliers who have been identified as high risk to undertake an independent ethical audit. Ethical audits are closely monitored to ensure that corrective actions are closed off in the agreed timescales. In the last financial year, 16 of our direct food suppliers have been identified as high risk on Sedex. In the same period, our supply base conducted 25 ethical audits.

We understand the limitations of ethical audits - particularly their ability to only capture results at a moment in time and their limited capability to address the most adverse instances of labour exploitation, such as modern slavery. However, we consider audits a useful tool to understand suppliers' management systems and measure these against the expectations of our CoC.

In our supply chain

Due to the complex nature of modern slavery, and the fact that we do not directly employ the people who pick, pack and produce our products, it is vital that we take a range of actions in collaboration with our suppliers to protect the most vulnerable people in our supply chains from falling into a situation of modern-day slavery at both tier one of our supply chain and beyond.

Tier One

Tier one sites are those used for the final packing and production of our own-label products. To manage the social standards at this level of the supply chain, we implement a social compliance programme, with support from the Sedex Platform.

Through the Sedex platform, all own-label food suppliers negotiated by our buying team based in Ireland and Northern Ireland, are required to complete a profile and answer a detailed Self-Assessment Questionnaire (SAQ) and update it every six months. This enables us to collect key profile information such as the number, gender and nationality of their employees, the percentage of seasonal workers, whether agency labour is used, the names of labour providers, and what systems are in place to monitor labour providers.

The table below provides an insight into our tier one own brand food supply chain data. 'Tier one' refers to the final packaging and production sites of suppliers of permanent products.



Figure 1: Tier one own-brand food supply chain overview data (FY22/23) accessed via the Sedex platform *accommodation provided by the supplier, 3rd party or labour provider

Region	Number of sites	Number of workers	Percentage male	Percentage female
Ireland, Republic Of	125	17031	62%	38%
Europe	5	1504	57%	43%
United Kingdom	34	8277	64%	36%
Total	164	26812	63%	37%

Figure 2: Tier one own-brand food supplier workforce data (FY22/23) accessed via the Sedex platform

	Number of workers	Percentage Male	Percentage Female
Permanent	22301	65%	35%
Temporary	3004	61%	39%
Agency	1507	50%	50%
Total	26812	63%	37%

Figure 3: Tier one own-brand food supplier workforce profile (FY22/23) accessed via the Sedex platform. *on date of publishing some sites have yet to update information on permanent/temporary/agency workers, Lidl IE NI are working with the Sedex platform to get this information completed.

	Number of workers	Percentage Male	Percentage Female
Local	13916	66%	34%
Migrant	8417	55%	45%

Figure 4: Tier one own-brand food supplier workforce profile (FY22/23) accessed via the Sedex platform. *on date of publishing some sites have yet to update information on local/migrant workers, Lidl IE NI are working with the Sedex platform to get this information completed.

Using information gathered through our Risk Assessment procedures, we require 'high risk' tier one sites to undertake an independent social audit, which is monitored by our responsible sourcing team to ensure that corrective actions are closed off in the agreed timescales.

Of the 25 ethical audits conducted by our suppliers in the last year, the majority of issues identified related to health and safety (43%), working hours (14%) and wages (10%), as well as management systems (8%) and Regular employment (8%).

25	256	137	52
Audits shared on Sedex in FY22/23	Non-compliances identified	Non-compliances corrected and closed by auditor	Examples of good practices noted

Figure 5: First tier own-brand food supplier social compliance overview data (FY22/23) accessed via the Sedex platform

Developing our Tier One supplier relationships

To strengthen the capacity of our supply chain to manage the risk of modern slavery, we recognise that we need to work directly with our suppliers to go beyond the traditional approach of social compliance. We have long-standing suppliers that we have worked with for many years, and they have grown with us through our fair and simple buying practices.

For example, we have worked with our main fresh meat and dairy suppliers in Northern Ireland for over 10 years, and with one of our main vegetable suppliers since we started operations in Northern Ireland in 1999. As a result of these stable relationships, we are better placed to achieve supply chain transparency and take collective action to tackle modern slavery.

Grievance mechanisms

Lidl Northern Ireland has a dedicated HR manager who is trained and accountable for supporting the welfare of our employees in Northern Ireland. In addition to the HR Manager we have a HR Services team who are dedicated to answering all employee queries and giving them support and guidance through any complaints procedures. We also operate a confidential Whistleblowing Hotline and online reporting system (called BKMS) that members of the public, employees and business partners can use to report modern slavery or breaches of our policies and procedures. The reporting tool is available in almost all languages worldwide and is operated by a provider independent of Lidl Northern Ireland, enabling customers, employees, and business partners to pass on anonymous, and secure information, which is immediately forwarded to the compliance officer, but does not allow Lidl Northern Ireland to trace the information against the individual's wishes. This online reporting tool can be accessed on any device through this [link](#).

During the 2022/23 reporting period, 18 whistleblowing reports were logged, none of these reports related to modern slavery indicators.

In instances where we have worked to improve practices and remain unable to confirm adequate protection of human rights, we reserve the right to withdraw our business in a responsible manner.

Pilot in high-risk supply chain

Following the [HRIA conducted on farmed shrimp from India](#), the introduction of a grievance mechanism to the sector (where there previously had not been access to one), is an important next step to ensuring that issues

are recorded and formally addressed by management, as well as immediately escalated where indicators of forced labour are revealed.

Ungal Kural is a reporting channel, or helpline, that provides workers with an accessible and timely avenue to raise concerns without fear of reprisal. The helpline was designed to be reliable, confidential, and scalable across the apparel manufacturing and garment sectors in Tamil Nadu, India and is now due to be piloted in the aquaculture sector in Andhra Pradesh. The helpline provides workers with a simple, predictable, and safe platform to escalate issues and connect with local resources and emergency services. The helpline allows companies to gain greater visibility of their workplaces' conditions, identify new and/or emerging issues early on, and assess the effectiveness of remediation actions. The helpline has adopted the UNGPs definition of 'remedy' to address and make good any adverse human rights impacts.

To ensure that workers and management are fully engaged in the GM, a local NGO, INNO, is planning to provide training for this service. These trainers will also be the call handlers who respond to calls, texts and chat messages from workers (in local languages), record information and provide referral information.

This grievance mechanism will launch in the next financial year and will be piloted for 6 months, after which all stakeholders will review key learnings and decide on the next steps for the programme.

Prevention of child labour

The ILO and the United Nations Children's Fund (UNICEF) estimate that worldwide, 160 million children aged between 5 and 17 are currently in child labour. This is unacceptable. Throughout all of our supply chains, we are committed to preventing child labour and safeguarding children. We work closely with suppliers to achieve this and resolve any instances found connected to our business.

During this reporting period, risk assessments carried out found that the following raw material and product supply chains are critical in relation to child labour: bananas, fish, cocoa, rice, tea, hazelnuts, coffee, palm oil, soy, plants and flowers, cotton, and production stages in the manufacturing of textiles and hardware. By 2025, we aim to have child labour training in place for all of these areas.

Fair Remuneration

Fair remuneration is a fundamental human right enabling workers to secure a dignified standard of living for themselves and their families. Since 2006, we have advocated this in our Code of Conduct.

Much of our focus within this topic is on smallholder farmers who are the starting point for many of Lidl's agricultural value chains – but often only receive a fraction of the overall profit. To tackle this, we're increasing our efforts to ensure that we enter long-term fair and transparent supply relationships with our agricultural producers. This includes opting for Fairtrade certified products such as cocoa, coffee and bananas, and routinely working to identify the highest-risk products for living wage and living income disparity in our supply chains.

We are also participating in industry partnerships with other retailers. We were the first discounter to join the Action Collaboration Transformation (ACT) initiative, a global agreement striving for collective industry bargaining for higher wages in the countries where goods are produced. After carrying out a survey of over 3,000 production facilities, we developed an internal strategy aimed at implementing responsible purchasing practices by 2025 based on the principles of ACT. This involves working with our business partners to better enable wage increases in textile production.

Capacity building, training, and collaboration

Another important element of tackling modern slavery is raising awareness across our internal departments, among our colleagues and with our direct supplier partners.

Training remains crucial to addressing the complex and hidden nature of Modern Slavery within our business and supply chains. Through raising awareness of Modern Slavery and highlighting potential risks and indicators to our internal departments and colleagues, we aim to continuously improve our approach to identifying and mitigating labour exploitation and risks of modern slavery.

Working with our colleagues

Our Responsible Sourcing and CSR teams continue to engage with colleagues across business areas including buying, recruitment, property, construction and human resources, who are located in our distribution centre and head office, to support the welfare of all employees. We want to empower colleagues to understand the risks within our business and industry to take any necessary action(s) to prevent or remediate concerns. To this end, this year we have:

- Continued developing transparency of our supply chains beyond tier one, working closely with our buyers, quality department and suppliers, particularly for our 'Fruit & Vegetable' and 'Plants & Flowers' supply chains.
- Developed a bespoke training in Modern Slavery and Human Rights for our buyers based in Ireland in partnership with Business in the Community Ireland (BITCI).
- Trained all of our new buyers on relevant modern slavery risks and developed action plans with buyers in relation to their product categories as part of their annual range review process.

In the coming year, we plan to complete the expansion of our training programme to reach more colleagues across our business and continue raising awareness of modern slavery risks and the necessary action(s) to facilitate remediation. We will work with our Learning and Development team to facilitate this process to ensure the programme is effective and sustainable.

Buying Department

Our buying department interact with multiple external businesses and agree contracts with supplier partners on a daily basis. To ensure buyers understand the potential risks within their specialist food categories, the CSR team train the department, sharing the known human rights challenges in product or raw material sourcing countries and sectors. This training encompasses the actions that Lidl Northern Ireland is taking as a business to address these human rights risks with the intention for buyers to feel comfortable to discuss these topics with their suppliers and make informed buying decisions.

In 2022 our national buyers attended to bespoke training programme on Human Rights and Modern Slavery delivered by Business in the Community (BITCI) developed organised by with the Responsible Sourcing department.

Working with our suppliers

Making sure our suppliers build their capacity in ethical trade is a key strategy for us in preventing modern slavery within our supply chains. Our contracts require all our suppliers in Ireland and Northern Ireland to have carried out the appropriate training to identify and mitigate the risk of modern slavery and to provide evidence of such training upon request.

We have increased our capacity to monitor and manage the human rights risk in the supply chain of our nationally sourced food products. We are working with an Ethical Trade Coordinator (ETC) from Sedex on a weekly basis to support our suppliers to renew the Sedex Self-Assessment Questionnaire (SAQ) every six months, with the aim of improving the quality of our data in the platform and to quality check our monitoring and risk management.

In 2021, we partnered with Business in the Community Ireland (BITCI) to expand the bespoke training programme on modern slavery developed the previous year to all our nationally negotiated suppliers. This training was continued in 2022 and will also be carried forward into 2023.

Measuring progress

Through setting clear action-orientated goals and Key Performance Indicators (KPIs), we are able to measure our progress and ensure we are on target to meet our commitments to tackling modern slavery in our business and supply chains.

We are committed to setting and disclosing further goals going forwards, to ensure we are transparently reporting key areas of our due diligence process.

Progress on 2022 plans (outlined in previous statement)	
Continue internal training to build awareness and capacity on the topic of modern slavery and risk management with focus on GSNFR suppliers and food suppliers, including our suppliers in Kick Start, our supplier development programme.	Ongoing, see, page 19
Develop and offer capacity building trainings, tools and resources on modern slavery to our national buyers and employees working with GSNFR suppliers.	Ongoing, see page 19
Continue to review opportunities to partner with external, specialist organisations to support implementation of our modern slavery due diligence.	SPP, see page 7-8
Publish new HRIAs based in identified high-risk supply chains in-line with our commitment to publish three HRIAs a year until 2025	Ongoing, see page 12
Continue to internally communicate our progress towards risk management and social compliance monitoring.	Ongoing, see page 11
Continue to increase the information publicly available about our supply chains.	Ongoing, see page 16
Continue strengthening our actions to address risks beyond the first tier of our supply chain.	Ongoing, see page 16-17

Looking ahead

In 2023, we will:

- Continue to integrate non-discrimination and gender equality into our annual human rights risk analysis.
- Continue to monitor and publish our progress in our biennial sustainability report.
- Further strengthen our commitments to address risks beyond the first tier of our supply chain.
- Continue to publish the names and addresses of our tier one textiles and hardware suppliers.
- Continue raising awareness of modern slavery internally with our buying and Central Services departments and strengthen our actions to address risks in our goods and services not for re-sale (GSNFR).
- Increase our internal capacity to monitor and manage the human rights risk in our nationally sourced products supply chain as well as continue our request of social audits to our direct suppliers through the Supplier Ethical Data Exchange (Sedex) platform.
- Continue to collaborate with external partners to build our knowledge and expertise in the area of modern slavery. Roll out trainings on human rights and modern slavery with Business in the Community Ireland (BITCI) to national suppliers and buyers.
- Continue to internally communicate our progress towards risk management and social compliance monitoring.
- Conduct and publish three more HRIA's, based in identified high-risk supply chains, in-line with our commitment to publish three HRIAs a year until 2025.
- Publish HRIA action plans for the Indian farmed shrimp and South African Wine HRIAs conducted in 2022.
- Pilot a grievance mechanism in the Indian farmed shrimp sector, following findings from the recent HRIA.
- Publish an action plan outlining our approach to tackling gender-based violence in accordance with ILO convention 190, as well as gender-specific data for three high risk supply chains.

In 2024, we will:

- Develop programmes providing female and male workers in our high-risk supply chains with access to effective, gender-sensitive grievance mechanisms. We will also develop a scholarship program and highlight vocational opportunities for women across these supply chains.

This statement was approved and signed by the Board of Directors and Chief Executive Officer J.P. Scally of Lidl Northern Ireland on the 29th of August 2023